

5/027/098



United States Department of the Interior

BUREAU OF LAND MANAGEMENT FILLMORE FIELD OFFICE

35 East 500 North
Fillmore, UT 84631



In Reply Refer to:
3809
(U-010)
UTU-079464-01

September 11, 2002

CERTIFIED MAIL #7000 1530 0006 2417 0532
RETURN RECEIPT REQUESTED

LARRY DUTSON
140 N 150 E
DELTA UT 84624

RECEIVED

SEP 13 2002

**DIVISION OF
OIL, GAS AND MINING**

Dear Mr. Dutson:

On August 20, 2002, a surface compliance inspection was conducted at the site of your exploration Notice and Plan of Operations (Plan), located in Section 30, T. 18 S., R. 13 W. The inspection revealed that you have exceeded the scope of your Notice, and that there is ongoing activity in spite of the fact that you have not yet complied with all the requirements of the 43 CFR 3809 regulations (enclosed; see §3809.412-*When may I operate under a Plan of Operations?*, and §3809.101-*What special provisions apply to minerals that may be common variety minerals, such as sand, gravel, and building stone?*) for your Plan. Your notice proposed .75 acres of disturbance, and our data indicates you have disturbed closer to 1.5 acres, making your financial guarantee of \$1375 inadequate to "cover the estimated cost as if BLM were to contract with a third party to reclaim your operations", as mandated by §3809.552(a). Your Plan was approved on August 20, 2002, and you were informed of the requirement to submit a reclamation cost estimate and acceptable financial guarantee in our approval letter, which you received on August 23, 2002. You were also informed that you must establish an escrow account for the appraised value of the material removed. Before any further mining takes place at the site, both the revised financial guarantee and escrow account must be in place.

An alternative plan would be to enter into a contract to purchase the building stone. If an environmental analysis finds no significant impacts for such a project, we could offer a one-time, exclusive, noncompetitive sale for an amount of material up to the weight-equivalent of 200,000 cubic yards, spread over a time period of up to five years. For the first two years of the contract, the appraised

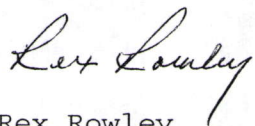
price of the material would be \$5.00 per ton, if the tonnage includes the waste rock, and \$12.00 per ton if it doesn't. After two years, the appraised price may be adjusted. Please refer to subpart 3602 of the enclosed 43 CFR 3600 regulations for more information on non-competitive sales.

Your approved Plan of Operations proposed about 4.8 acres of disturbance. If you propose to purchase and mine a larger quantity of material than could be mined out of that area, (probably less than 20,000 tons, with waste), it would be necessary to submit a new mine plan. Otherwise, your present plan is adequate. You would still have to submit a performance bond in an amount adequate to reclaim the site according to the reclamation plan, but it would not have to meet the standards outlined in §3809.552. If you were to purchase an amount of stone that could be mined from the area you currently have disturbed, (probably less than 5000 tons, with waste) we could consider your present financial guarantee adequate. You must also pay 5% of the contract amount up front at the time you are awarded the contract. After that, you must make monthly installment payments in an amount you remove each month (see § 3602.21(a)(2)(iii)).

If your contract is for a monetary amount of less than \$2000, the entire amount must be paid up-front, however, your performance (reclamation) bond would only be in an amount of 20% of your total contract amount. However, please bear in mind that we do not promise that we will grant you another non-competitive contract. If you wish to purchase more stone after the term of the first contract, the material may go up for competitive bid and sale.

If you have any questions, please feel free to contact Jerry Mansfield at (435) 743-3125, or Larry Garahana at (435) 743-3126.

Sincerely,



Rex Rowley
Field Office Manager

Enclosures:

43 CFR 3809 Regulations
43 CFR 3600 Regulations

cc: Mert Hamilton, PO Box 35, Delta, UT 84624
Tom Munson, UDOGM (S/027/068)
Opie Abeyta, UT-924